



**RCA
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 6
AGENDA DATE: Thu 06/24/2004
PAGE: 1 of 2**

SUBJECT: Authorize the City Manager to negotiate and execute an agreement with Aqua Water Supply Corporation (Aqua) for the provision of City wholesale wastewater service to a portion of Aqua's certificated service area in southeast Travis County comprised of approximately 2,900 acres through Aqua's design and construction and dedication to the City of the initial 250,000 gallon phase of a wastewater treatment plant (WWTP) and approximately 4,758' of 30-inch wastewater main required to serve future Aqua and City customers; authorize reimbursement to Aqua for 50% of the actual hard construction cost of the initial 250,000 gallon phase of the WWTP and 30-inch wastewater main in an amount not to exceed \$1,933,000 through a per connection credit equal to the City's Wastewater Capital Recovery Fee.

AMOUNT & SOURCE OF FUNDING: Reimbursement to Aqua for 50% of the hard construction costs only of the initial 250,000 gallon phase of the WWTP and 30-inch wastewater main in an amount not-to-exceed \$1,933,000 will be from credits in an amount equivalent to the City's Wastewater Capital Recovery Fee to be made as each service unit of new development is connected to the Aqua wastewater system within the agreed wholesale service area up to the not to exceed limit. Since the transaction itself will fund the reimbursement via the described per connection credits, no separate City funding is required for this first phase of the wastewater treatment plant and 30-inch main. Funding for future expansions of the WWTP will require additional council authorization.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING DEPARTMENT: Austin Water Utility
DIRECTOR'S AUTHORIZATION: Chris Lippe

FOR MORE INFORMATION CONTACT: Bart Jennings, 972-0118; Laura Wiley, 972-0104

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: Recommended by the Water and Wastewater Commission

PURCHASING: N/A

MBE / WBE: N/A

The Austin Water Utility (Utility) reviewed options in providing future wastewater service to an area east and southeast of the Austin-Bergstrom International Airport in eastern Travis County that comprises a portion of the Dry Creek and Colorado basins. The Utility has determined that a future 2 million gallons per day (MGD) WWTP to provide wastewater service is the most cost-effective solution for the next 25 years. The Utility discovered a landowner in the area with an existing wastewater discharge permit on an approximately 228-acre tract known as the "Garfield Partners" tract. The Garfield Partners tract is located approximately 2 miles east of the intersection of Ross Road and Hwy. 71 in eastern Travis County and is within the City's proposed wastewater CCN service area. Garfield Partners, L.P. has agreed to convey an easement for the WWTP site and to transfer to the City its existing wastewater discharge permit. The proposed WWTP will be permitted at a treatment level of 5 mg/l Carbonaceous Biochemical Oxygen Demand, 5 mg/l Total Suspended Solids, 2 mg/l Ammonia Nitrogen, and 1 mg/l Total



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Phosphorous.

Aqua will also have future wastewater customers near the City's proposed WWTP site and wishes to enter into an agreement for wholesale wastewater service.

Major points of the wholesale service agreement include:

1. Aqua will construct the first phase of the WWTP (0.25 MGD) and influent wastewater main convey the facilities to the City for ownership, operations and maintenance. The estimated cost for design and construction of the 30-inch wastewater main and the first phase of the WWTP is approximately \$2.5 million. To reimburse Aqua for construction of the initial phase of the WWTP and 30-inch main, the City would provide Aqua a credit equal to the amount of the City Wastewater Capital Recovery Fee for service units connected within the Aqua wholesale service area equal to the actual hard construction costs of the City's portion of such facilities up to the described cap of \$1,933,000. The estimated hard construction costs for the City's 50% share of the first phase of the WWTP and the City's 50% share of the influent wastewater main is approximately \$1,933,000. Aqua will bear all soft cost for design, project management, financing, legal, accounting, etc.
2. As the WWTP is expanded incrementally, Aqua would receive a wholesale wastewater service to a level not to exceed 1.0 MGD.
3. The term of the wholesale wastewater contract would be 35 years.
4. The City would be responsible for amending the existing wastewater discharge permit obtained from Garfield, L.P. from a maximum permitted treatment capacity of 150,000 gpd to 2 MGD.
5. Aqua would pay the City's wholesale rates as approved by City Council and would pay wastewater capital recovery fees in accordance with City ordinances for each new wastewater connection after the \$1.9 million credit amount is exhausted.
6. The WWTP would be capable of providing treated wastewater effluent for the City's reuse water program. Any commitments relating to reuse water from this facility would be done under separate council authorizations.

The positive 30-year NPV for the wholesale contract and provision of City retail wastewater service through the proposed WWTP is approximately \$8 million.

No. 060204-I

WATER AND WASTEWATER COMMISSION RESOLUTION

AUTHORIZE THE CITY MANAGER TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH AQUA WATER SUPPLY CORPORATION (AQUA) FOR THE PROVISION OF CITY WHOLESAL WASTEWATER SERVICE TO A PORTION OF AQUA'S CERTIFICATED SERVICE AREA IN SOUTHEAST TRAVIS COUNTY COMPRISED OF APPROXIMATELY 2,900 ACRES THROUGH AQUA'S DESIGN AND CONSTRUCTION AND DEDICATION TO THE CITY OF THE INITIAL 250,000 GALLON PHASE OF A WASTEWATER TREATMENT PLANT (WWTP) AND APPROXIMATELY 4,758' OF 30-INCH WASTEWATER MAIN REQUIRED TO SERVE FUTURE AQUA AND CITY CUSTOMERS, AUTHORIZE REIMBURSEMENT TO AQUA FOR 50% OF THE ACTUAL HARD CONSTRUCTION COST OF THE INITIAL 250,000 GALLON PHASE OF THE WWTP AND 30-INCH WASTEWATER MAIN IN AN AMOUNT NOT TO EXCEED \$1,933,000 THROUGH A PER CONNECTION CREDIT EQUAL TO THE CITY'S WASTEWATER CAPITAL RECOVERY FEE

June 2, 2004

REGULAR MEETING

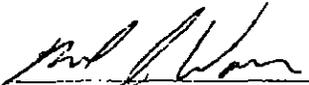
VOTE: 6-2-0-1

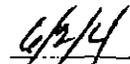
Motion made by: Friese
Commissioners Consenting: Warner, Lee, Miller, Raun, Chan
Commissioners Dissenting: Pool, Coleman
Commissioners Abstaining:
Commissioners Absent: Kirfman

Water and Wastewater Commission recommends the Council authorize the City Manager to negotiate and execute an agreement with Aqua Water Supply Corporation (Aqua) for the provision of City wholesale wastewater service to a portion of Aqua's certificated service area in southeast Travis County comprised of approximately 2,900 acres through Aqua's design and construction and dedication to the City of the initial 250,000 gallon phase of a wastewater treatment plant (WWTP) and approximately 4,758' of 30-inch wastewater mains required to serve future Aqua and City customers; authorize reimbursement to Aqua for 50% of the actual hard construction cost of the initial 250,000 gallon phase of the WWTP and 30-inch wastewater main in an amount not to exceed \$1,933,000 through a per connection credit equal to the City's Wastewater Capital Recovery Fee.

Commissioner Coleman voted no because of sprawl.

Commissioner Pool voted no because it contributes to sprawl.


Michael Warner, Chairperson
Water and Wastewater Commission


Date